Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/12**

Paper 1 **May/June 2017**

MARK SCHEME

Maximum Mark: 120

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2017 series for most Cambridge IGCSE®, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

® IGCSE is a registered trademark.

© UCLES 2017

Question	Answer	Marks
Glossary for Question 1		
(d)	A charge for year B accumulated depreciation C straight line D net book value	
(f)	A 426 000+90 000–40 000–25 000=451 000 B 426 000+90 000–40 000=476 000 C 426 000+90 000–40 000+25 000=501 000 D 426 000+90 000=516 000	
(h)	A 72 000×1.6=115 200 B 80 000×1.6=128 000 C 72 000÷0.4=180 000 D 80 000÷0.4=200 000	
(j)	A (14 000–2000)×0.2=2400 B (14 000+3600–2 000)×0.2=3120 C (14 000+3600)×0.2=3520 D (14 000+3600–2000)×0.25=3900	

© UCLES 2017

Question	Answer	Marks
1(a)	A **(1)**	**1**
1(b)	C **(1)**	**1**
1(c)	B **(1)**	**1**
1(d)	B **(1)**	**1**
1(e)	D **(1)**	**1**
1(f)	B **(1)**	**1**
1(g)	D **(1)**	**1**
1(h)	A **(1)**	**1**
1(i)	C **(1)**	**1**
1(j)	B **(1)**	**1**

© UCLES 2017

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>An income statement shows incomes and expenses (1) and is prepared for a period of time (1).
A statement of financial position shows assets and liabilities (1) and is prepared at a particular date (1).</td><td>4</td></tr>
<tr><td>2(b)</td><td><table>
<tr><td></td><td>asset</td><td>liability</td><td>income</td><td>expense</td></tr>
<tr><td>bank loan</td><td></td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>insurance</td><td></td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>equipment</td><td>✓(1)</td><td></td><td></td><td></td></tr>
<tr><td>depreciation charge</td><td></td><td></td><td></td><td>✓(1)</td></tr>
</table></td><td>4</td></tr>
<tr><td>2(c)</td><td>Income statement $1500 (1)
Statement of financial position $4500 (1)</td><td>2</td></tr>
<tr><td>2(d)</td><td>accounts of the same type can be kept together
helps to locate errors
allows tasks to be divided between different people
deters fraud
allows checking procedures to be introduced
any one for (1) mark</td><td>1</td></tr>
<tr><td>2(e)(i)</td><td>Sales ledger – accounts of individual credit customers (1)
Purchases ledger – accounts of individual credit suppliers (1)</td><td>2</td></tr>
<tr><td>2(e)(ii)</td><td>any suitable example for (1) mark
e.g. sales, purchases, insurance</td><td>1</td></tr>
</table>

© UCLES 2017

Question	Answer	Marks
2(f)	cash book petty cash book sales journal sales returns journal purchases journal purchases returns journal general (nominal) journal any two for **(1)** mark each	**2**
2(g)		**1**

	true or false
The recording of financial transactions is called accounting	false **(1)**

Question	Answer	Marks
3(a)(i)	in the books of Pich	**2**

debit account	$	credit account	$
Roger	5000 **(1)**	sales	5000 **(1)**

3(a)(ii)	in the books of Roger	**2**

debit account	$	credit account	$
purchases	5000 **(1)**	Pich	5000 **(1)**

3(b)	Invoice **(1)** Pich **(1)**	**2**

3(c)		**3**

debit account	$	credit account	$
bank	4875 **(1)**	Roger	5000 **(1)**
discount allowed	125 **(1)**		

Question	Answer	Marks
3(d)(i)	discount received account **(1)**	1
3(d)(ii)	income statement **(1)**	1
3(e)	A **credit note (1)** is issued by the supplier when goods are returned. A **debit note (1)** may be issued by the customer when goods are returned.	2
3(f)	Pich Bad debts account Date 2016 Dec 1 Amit 860 **(1)**; Date 2017 Feb 28 Income statement 1960 **(1)OF** 2017 Feb 28 Ruth 1100 **(1)** 1960 1960 Provision for doubtful debts account Date 2017 Feb 28 Balance c/d 2548 **(3)***; Date 2016 Mar 1 Balance b/d 2240 **(1)** 2017 Feb 28 Income statement 308 **(1)OF** 2548 2548 2017 Mar 1 Balance b/d 2548 **(1)OF** * (64 800–1100) **(1)** × 0.04 **(1)** = 2548 **(1)OF** Ruth account Date 2017 Feb 28 Balance b/d 1100 **(1)**; Date 2017 Feb 28 Bad debts 1100 **(1)** **+(1) for dates**	12

Question	Answer	Marks
3(g)	Pich Statement of Financial Position (extract) at 28 February 2017 Current assets $ Trade receivables 63 700 **(1)** Provision for doubtful debts (2 548) **(1)OF** 61 152 **(1)OF**	**3**

Question	Answer	Marks
4(a)	A copy of the customer's account as it appears in the books of the bank. **(1)**	**1**
4(b)	3 and 4 **(1)**	**1**
4(c)	$ original balance 2890 correction of error 90 **(1)** bank charges (50) **(1)** dishonoured cheque (200) **(1)** updated balance 2730 **(1)OF** accept alternative presentation	**4**
4(d)	Yeo Bank Reconciliation Statement at 30 April 2017 $ Balance in cash book **(1)** 2730 **(1)OF** Add unpresented cheque 400 **(1)** 3130 Less uncredited deposit (180) **(1)** Balance on bank statement **(1)** 2950 **(1)OF** accept alternative presentation	**6**
4(e)	$2730 **(1)OF** current assets **(1)OF**	**2**

Question	Answer	Marks
4(f)	insufficient funds in account no signature on cheque wrong signature no date words and figures do not agree cheque is out of date any one for **(1)** mark	**1**
4(g)	preparing of trial balance **(1)** OR preparing of control account **(1)**	**1**

Question	Answer	Marks
5(a)	more capital introduced to business more expertise available responsibilities are shared e.g. holidays, sickness risk is shared losses are shared any two for **(1)** mark each	**2**
5(b)(i)	To record the difference between the amounts earned from the partnership and the amounts withdrawn from the partnership **(1)** To show the retained profit of each partner **(1)** To make it easier to calculate interest on capital **(1)** To reveal excess drawings **(1)** **[max 1]**	**1**
5(b)(ii)	Ann owes money to the partnership. **(1)** The partnership owes money to Bindu. **(1)**	**2**

© UCLES 2017

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(c)</td><td>
Ann and Bindu
Appropriation Account for the year ended 28 February 2017
<table>
<tr><td></td><td>$</td><td></td><td>$</td><td></td></tr>
<tr><td>Profit for the year</td><td></td><td></td><td>24 500</td><td></td></tr>
<tr><td>Less interest on capital – Ann</td><td>3000</td><td>(1)</td><td></td><td></td></tr>
<tr><td>– Bindu</td><td>2500</td><td>(1)</td><td>5 500</td><td></td></tr>
<tr><td>Less salary – Ann</td><td></td><td></td><td>4 000</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td>15 000</td><td></td></tr>
<tr><td>Shares of profit – Ann</td><td>9000</td><td>(1)OF</td><td></td><td></td></tr>
<tr><td>– Bindu</td><td>6000</td><td>(1)OF</td><td>15 000</td><td></td></tr>
</table>
</td><td>5</td></tr>
<tr><td>5(d)</td><td>
Ann and Bindu
Current accounts
<table>
<tr><td>Details</td><td>$
Ann</td><td>$
Bindu</td><td></td><td>Details</td><td>$
Ann</td><td>$
Bindu</td><td></td></tr>
<tr><td>Balance b/d</td><td>5 000</td><td></td><td></td><td>Balance b/d</td><td></td><td>3 000</td><td>(1)*</td></tr>
<tr><td>Drawings</td><td>12 500</td><td>10 000</td><td>(1)*</td><td>Interest on capital</td><td>3 000</td><td>2 500</td><td>(1)OF*</td></tr>
<tr><td>Balance c/d</td><td></td><td>1 500</td><td></td><td>Salary</td><td>4 000</td><td></td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td></td><td>Shares of profit</td><td>9 000</td><td>6 000</td><td>(1)OF*</td></tr>
<tr><td></td><td></td><td></td><td></td><td>Balance c/d</td><td>1 500</td><td></td><td></td></tr>
<tr><td></td><td>17 500</td><td>11 500</td><td></td><td></td><td>17 500</td><td>11 500</td><td></td></tr>
<tr><td>Balance b/d</td><td>1 500</td><td></td><td></td><td>Balance b/d</td><td></td><td>1 500</td><td>(1)OF*</td></tr>
</table>
* mark for both items
</td><td>6</td></tr>
<tr><td>5(e)</td><td>
<table>
<tr><td></td><td>effect
(understated or overstated)</td><td>$</td><td></td></tr>
<tr><td>gross profit</td><td>overstated</td><td>$750</td><td>(1)</td></tr>
<tr><td>profit for the year</td><td>overstated</td><td>$750</td><td>(1)</td></tr>
<tr><td>share of profit – Ann</td><td>overstated</td><td>$450</td><td>(1)</td></tr>
<tr><td>– Bindu</td><td>overstated</td><td>$300</td><td>(1)</td></tr>
</table>
</td><td>4</td></tr>
<tr><td>5(f)</td><td>It avoids inventory/current assets/profit being overstated. (1)</td><td>1</td></tr>
</table>

Question	Answer	Marks
5(g)	The loss arising from the damage is recorded in the same year as the damage occurred. **(1)**	1

Question	Answer	Marks
6(a)	<table><tr><th></th><th>factory overheads</th><th>distribution costs</th><th>administrative expenses</th></tr><tr><td>factory rent</td><td>✓</td><td></td><td></td></tr><tr><td>carriage outwards</td><td></td><td>✓**(1)**</td><td></td></tr><tr><td>depreciation of office equipment</td><td></td><td></td><td>✓**(1)**</td></tr><tr><td>factory supervisor's salary</td><td>✓**(1)**</td><td></td><td></td></tr><tr><td>repairs of delivery vehicles</td><td></td><td>✓**(1)**</td><td></td></tr></table>	4
6(b)(i)	Cost of raw materials 112 500 **(1)**+(5000–7500) **(1)**=110 000 **(1)OF**	2
6(b)(ii)	Prime cost 110 000 **(1)OF** +82 000=192 000 **(1)OF**	2
6(b)(iii)	Cost of production 192 000 **OF** +(41 800+6000) **(1)**=239 800 **(1)OF** accept alternative formats	2

Question	Answer	Marks
6(c)	G Limited Income Statement for the year ended 31 December 2016 $ $ Revenue 550 000 **(1)** Inventory of finished goods – 1 Jan 2016 51 000 Cost of production 239 800 **(1)OF** Purchases of finished goods 95 200 **(1)** 386 000 Inventory of finished goods – 31 Dec 2016 47 300 **(1)*** Cost of sales 338 700 Gross profit 211 300 **(1)OF** Distribution costs 61 800 **(1)** Administrative expenses 95 100 **(1)** Finance charges 16 100 **(1)** 173 000 Profit for the year 38 300 **(1)OF** * mark for both inventory figures	**9**
6(d)	It is cheaper to buy than produce **(1) OR** Demand is higher than production at full capacity **(1)** accept other suitable answers	**1**
6(e)	Savings old depreciation 6 000 **(1)** repairs 9 000 **(1)** raw materials 110 000 **(1)OF**×0.04 **(1)** 4 400 19 400 Less additional costs new depreciation (10 000) **(1)** additional interest (8 000) **(1)** Increase in profit 1 400 **(1)OF**	**7**